

CORNING COMMUNITY SCHOOL DISTRICT

**INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS**

June 30, 2020

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**Corning Community School District
Board Of Education and School District Officials
Year Ended June 30, 2020**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
Scott Shuey	President	2021
Howard Anderson	Vice President	2021
James Houck	Board Member	2021
Amy Grau	Board Member	2023
Gwen Larsen	Board Member	2023
School District Officials		
Chris Fenster	Superintendent	2020
Jodi Lyddon	District Secretary/Treasurer	2020
Ahlers & Cooney, PC	Attorney	Indefinite



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Van Maanen, Sietstra, Meyer & Nikkel, PC
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Board of Education
Corning Community School District
Corning, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of the Corning Community School District, Corning, Iowa, as of and for the year ended June 30, 2020, and the related Notes to the Financial Statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of the Corning Community School District as of June 30, 2020, and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and the Schedule of Changes in the District's Total OPEB Liability, Related Ratios and Notes on pages 5 through 13 and 42 through 47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Corning Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2019, (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 7, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Governmental Auditing Standards*, we have also issued our report dated January 13, 2021, on our consideration of Corning Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Corning Community School District's internal control over financial reporting and compliance.

Van Maanen, Sietstra, Meyer & Nikkel PC

Van Maanen, Sietstra, Meyer & Nikkel, PC
Certified Public Accountants

January 13, 2021

Corning Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2020. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

Financial Highlights

- General Fund revenues increased from \$6,860,499 in fiscal 2019 to \$7,104,830 in fiscal 2020, while General Fund expenditures increased from \$6,570,368 in fiscal 2019 to \$6,691,997 in fiscal 2020. This resulted in an increase in the District's General Fund balance from \$750,694 in fiscal 2019 to \$1,169,428 in fiscal 2020, a 5.58 percent increase from the prior year.
- The increase in General Fund revenues was mostly attributable to an increase in property tax and state aid. The increase in expenditures was due to salary and health insurance increases.
- Overall, the District's net position in the governmental activities increased by \$114,000 and decreased by \$59,000 in the business-type activities.

Overview of the Financial Statements

This report consists of three parts: management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *Government-wide Financial Statements* that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are *Fund Financial Statements* that focus on individual parts of the District, reporting the District's operations in more detail than the Government-wide statements.
- The statements for *governmental funds* explain how basic services, such as regular and special education, were financed in the short term as well as what remains for future spending.
- The statements for *proprietary funds* offer short-term and long-term financial information about the activities the District operates like businesses, such as food services.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

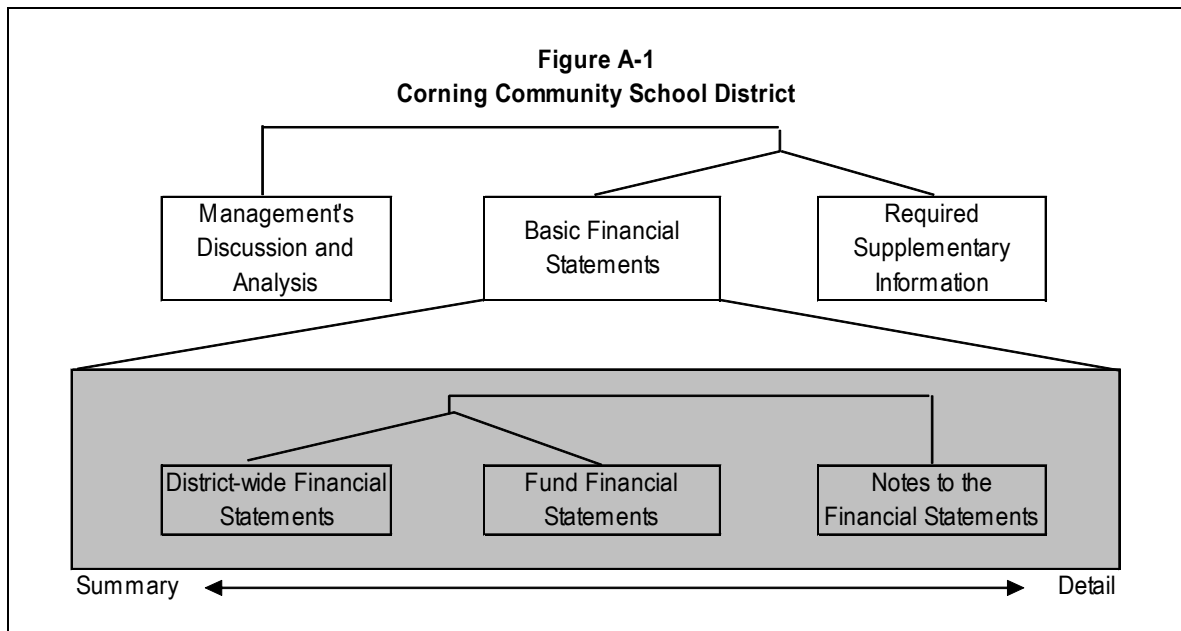


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of the management's discussion and analysis highlights the structure and contents of each of the statements.

Figure A-2				
Major Features of the District-Wide and Fund Financial Statements				
	District-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: · food services	Instances in which the district administers resources on behalf of someone else, such as scholarship programs
Required financial statements	· Statement of Net Position · Statement of activities	· Balance sheet · Statement of revenues, expenditures, and changes in fund balances	· Statement of Net Position · Statement of revenues, expenses and changes in Net Position · Statement of cash flows	· Statement of fiduciary Net Position · Statement of changes in fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of deferred outflow / inflow information	Consumption / acquisition of net position that is applicable to a future reporting period	Consumption / acquisition of fund balance that is applicable to a future reporting period	Consumption / acquisition of net position that is applicable to a future reporting period	Consumption / acquisition of net position that is applicable to a future reporting period
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

Government-wide Financial Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets, deferred outflow of resources, liabilities and deferred inflow of resources, with the difference reported as net position. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two District-wide statements report the District's *net position* and how it has changed. Net Position is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position is an indicator of whether financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the District-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business-type activities*: The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds or to show that it is properly using certain revenues such as federal grants.

The District has two kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental fund statements explains the relationship or differences between the two statements.
 - The District's governmental funds include the General Fund, Capital Projects Fund, Special Revenue Funds, and Debt Service Fund.
- *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements.
 - The District's enterprise fund, one type of proprietary fund, are the same as its business-type activities, but provide more detail and additional information, such as cash flows. The District currently has two enterprise funds, the School Nutrition Fund and Early Childhood Education Center Fund.

Government-Wide Financial Analysis

Net assets - Figure A-3 below provides a summary of the District's net position at June 30, 2020 compared to June 30, 2019.

Figure A-3
Condensed Statement of Net Position
(Expressed in Thousands)

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30, 2019- 2020
	2020	2019 as restated	2020	2019	2020	2019 as restated	
Current and other assets	\$ 7,323	6,854	45	18	7,368	6,872	7.2%
Capital assets	9,462	9,651	13	18	9,475	9,669	-2.0%
Total assets	16,785	16,505	58	36	16,843	16,541	1.8%
Deferred outflows of resources	745	1,110	29	27	774	1,137	-
Long-term liabilities	7,751	8,186	143	95	7,894	8,281	-4.7%
Other liabilities	1,014	1,065	29	1	1,043	1,066	-2.2%
Total liabilities	8,765	9,251	172	96	8,937	9,347	-4.4%
Deferred inflows of resources	4,925	4,638	23	16	4,948	4,654	6.3%
Net Position:							
Invested in capital assets, net of related debt	5,162	4,818	13	18	5,175	4,836	7.0%
Restricted	878	1,126	-	-	878	1,126	-22.0%
Unrestricted	(2,200)	(2,218)	(121)	(67)	(2,321)	(2,285)	1.6%
Total Net Position	\$ 3,840	3,726	(108)	(49)	3,732	3,677	1.5%

**Corning Community School District
Management's Discussion and Analysis
Year ended June 30, 2020**

Changes in net assets – Figure A-4 shows the changes in net position for the year ended June 30, 2020 compared to the year ended June 30, 2019.

	Governmental Activities		Business Type Activities		Total District		Total Change
	Year ended June 30,		Year ended June 30,		Year ended June 30,		June 30,
	2020	2019	2020	2019	2020	2019	2019- 2020
Revenues:							
Program revenues:							
Charges for service	\$ 1,246	1,319	118	65	1,364	1,384	-1.4%
Operating grants, contributions and restricted interest	1,236	1,229	157	140	1,393	1,369	1.8%
General revenues:							
Property tax	4,079	3,766	-	-	4,079	3,766	8.3%
Statewide sales, service and use tax	461	405	-	-	461	405	13.8%
Unrestricted state grants	1,598	1,520	-	-	1,598	1,520	5.1%
Unrestricted investment earnings	20	29	-	-	20	29	-31.0%
Other	62	75	17	-	79	75	5.3%
Total revenues	8,702	8,343	292	205	8,994	8,548	5.2%
Program expenses:							
Governmental activities:							
Instruction	5,183	5,001	-	-	5,183	5,001	3.6%
Support services	2,757	2,474	-	-	2,757	2,474	11.4%
Non-instructional programs	-	-	351	217	351	217	61.8%
Other expenses	648	642	-	-	648	642	0.9%
Total expenses	8,588	8,117	351	217	8,939	8,334	7.3%
Change in net position	114	226	(59)	(12)	55	214	-74.3%
Net position beginning of year, as restated	3,726	3,500	(49)	(37)	3,677	3,463	6.2%
Net position end of year	\$ 3,840	3,726	(108)	(49)	3,732	3,677	1.5%

Property tax and unrestricted state grants account for 63.1 percent of the total revenue. The District's expenses primarily relate to instruction and support services, which account for 88.7 percent of the total expenses.

Governmental Activities

Revenues for governmental activities were \$8,702,000 and expenses were \$8,588,000.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses, for the year ended June 30, 2020 compared to the year ended June 30, 2019.

**Figure A-5
Total and Net Cost of Governmental Activities
(Expressed in Thousands)**

	Total Cost of Services		Change	Net Cost of Services		Change
	2020	2019	2019- 2020	2020	2019	2019- 2020
	\$					
Instruction	5,183	5,001	3.6%	3,237	2,893	11.9%
Support services	2,757	2,474	11.4%	2,409	2,219	8.6%
Non-instructional programs	-	-	-	-	-	-
Other expenses	648	642	0.9%	460	457	0.7%
	\$					
Totals	8,588	8,117	5.8%	6,106	5,569	9.6%

For the year ended June 30, 2020:

- The cost financed by users of the District's programs was \$1,245,695.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,236,126.
- The net cost of governmental activities was financed with \$4,079,359 in property tax, \$460,878 in local option sales and service tax, \$1,598,535 in state foundation aid, \$19,534 in interest income, and \$62,503 in other general revenues.

Business Type Activities

Revenues of the District's business-type activities during the year ended June 30, 2020, were \$291,861 and expenses were \$350,475. The District's business-type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

Individual Fund Analysis

As previously noted, the Corning Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

As the District completed the year, its governmental funds reported combined fund balances of \$1,979,869, above last year's ending fund balances of \$1,734,403. The primary reason for the increase in combined fund balances in fiscal 2020 was due to increase in property tax through cash reserve levy.

Governmental Fund Highlights

- The General Fund balance increased from \$750,694 to \$1,169,428. The District's increasing General Fund financial position is the product of many factors. The district increase in general fund revenues was due to cash reserve levy and property tax increases and general fund expenditures increased due to increase in salaries and benefits.
- The Debt Service Fund balance decreased from \$225,103 in fiscal year 2019 to \$164,747 in fiscal 2020.
- The Physical Plant and Equipment Levy (PPEL) Fund balance increased from \$3,443 in fiscal 2019 to \$38,356 in fiscal 2020.
- The Statewide Sales, Services and Use Tax balance decreased from \$569,689 in fiscal 2019 to \$357,932 in fiscal 2020.
- The Management Fund balance increased from \$86,588 in fiscal year 2019 to \$146,223 in fiscal 2020.
- The Activity Fund balance increased from \$98,886 in fiscal year 2019 to \$103,183 in fiscal 2020.

Proprietary Fund Highlights

The School Nutrition Fund net position increased from (\$49,394) in fiscal 2019 to (\$25,821) in fiscal 2020, representing an increase of 54.3%.

Budgetary Highlights

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except its private-purpose trust and agency funds. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the modified accrual basis. A schedule showing the original and final budget amounts compared to the District's actual financial activity is included in the required supplementary information section of this report.

Legal Budgetary Highlights

The District's total actual receipts were \$128,212 more than the total budgeted receipts, a variance of 1.4%.

Total expenditures were less than budgeted due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed the actual expenditures during the year.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2020, the District had invested \$9,475,666 net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) More detailed information about capital assets is available in Note 4 to the financial statements. Depreciation expense for the year was \$466,098.

The original cost of the District's capital assets were \$15,357,612. Governmental funds account for \$15,193,981 with the remainder of \$163,631 in the Proprietary, School Nutrition Fund.

Figure A-6
Capital Assets, net of Depreciation
(Expressed in Thousands)

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2020	2019 as restated	2020	2019	2020	2019 as restated	2019- 2020
Land	\$ 194	194	-	-	194	194	0.0%
Construction in progress	-	-	-	-	-	-	-
Buildings	7,404	7,417	-	-	7,404	7,417	-0.2%
Improvements other than buildings	802	867	-	-	802	867	-7.5%
Furniture and equipment	1,062	1,173	13	18	1,075	1,191	-9.7%
Totals	\$ 9,462	9,651	13	18	9,475	9,669	-2.0%

Long-Term Debt

**Corning Community School District
Management's Discussion and Analysis
Year ended June 30, 2020**

At June 30, 2020, the District had \$3,400,000 in general obligation bonds, \$860,000 in revenue bonds and \$119,000 for an early-retirement plan. This represents a decrease of approximately 4.7% from last year, including the pension and OPEB liability. More detailed information about the District's long-term liabilities is available in Note 5 to the financial statements.

**Figure A-7
Outstanding Long-Term Obligations
(Expressed in Thousands)**

	Total District		Total Change
	June 30,		June 30,
	2020	2019	2019-2020
General obligation bonds	\$ 3,400	3,760	-9.6%
General obligation bonds discount	(12)	-	#DIV/0!
General obligation bonds premium	52	-	#DIV/0!
Revenue bonds	860	1,085	-20.7%
Revenue bonds discount	-	(13)	-100.0%
Early retirement	119	205	-42.0%
Compensated absences	-	99	-100.0%
Net pension liability	2,582	2,911	-11.3%
Net OPEB liability	893	234	281.6%
Totals	\$ 7,894	8,281	-4.7%

Economic Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- Historically, the District has entered into annual contracts with its collective bargaining unit. Settlements in excess of new money or allowable growth in state funding will have an adverse effect on the District's General Fund budget and related fund balance. Corresponding cost reductions will be made to offset the cost of negotiated settlements and other cost increases.
- Increased health insurance cost, transportation costs, and decrease in state aid due to decreased enrollment have and will continue to impact the District.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Jodi Lyddon, District Secretary/Treasurer and Business Manager, Corning Community School District, PO Box 229, Corning, Iowa, 50841.

Basic Financial Statements

Corning Community School District
Statement of Net Position
June 30, 2020

	Governmental Activities	Business Type Activities	Total
Assets			
Cash, cash equivalents and pooled investments	\$ 2,418,004	21,926	2,439,930
Receivables:			
Property tax:			
Delinquent	25,692	-	25,692
Succeeding year	4,098,274	-	4,098,274
Income surtax	160,797	-	160,797
Accounts	2,710	16,158	18,868
Due from other governments	617,592	-	617,592
Inventories	-	7,094	7,094
Capital assets, net of accumulated depreciation	9,462,450	13,216	9,475,666
Total assets	16,785,519	58,394	16,843,913
Deferred Outflow of Resources			
Pension related deferred outflows	745,131	28,686	773,817
Liabilities			
Accounts payable	531,424	1,512	532,936
Excess of warrants issued over bank balance	-	17,548	17,548
Salaries and benefits payable	467,944	10,451	478,395
Accrued interest payable	14,572	-	14,572
Long-term liabilities:			
Portion due within one year:			
General obligation bonds	560,000	-	560,000
Revenue bonds	97,000	-	97,000
Early retirement	59,207	-	59,207
Portion due after one year:			
Net OPEB liability	846,025	47,002	893,027
Net pension liability	2,486,378	95,718	2,582,096
General obligation bonds	2,880,113	-	2,880,113
Revenue bonds	763,000	-	763,000
Early retirement	59,208	-	59,208
Total liabilities	8,764,871	172,231	8,937,102
Deferred Inflows of Resources			
Unavailable property tax revenue	4,098,274	-	4,098,274
Unavailable income surtax revenue	160,797	-	160,797
Advances from Federal grantors	72,691	-	72,691
Pension related deferred inflows	593,724	22,857	616,581
Total deferred inflows of resources	4,925,486	22,857	4,948,343
Net Position			
Net investment in capital assets	5,162,337	13,216	5,175,553
Restricted for:			
Categorical funding	70,272	-	70,272
Internal service	12,070	-	12,070
Management levy purposes	146,223	-	146,223
Physical plant and equipment levy	38,356	-	38,356
Capital projects	207,488	-	207,488
Student activities	103,183	-	103,183
Debt service	300,619	-	300,619
Unrestricted	(2,200,255)	(121,224)	(2,321,479)
Total net position	\$ 3,840,293	(108,008)	3,732,285

See notes to financial statements.

Corning Community School District
Statement of Activities
Year ended June 30, 2020

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
Functions/Programs						
Governmental activities:						
Instruction:						
Regular	\$ 2,788,922	732,345	671,415	(1,385,162)	-	(1,385,162)
Special	1,243,889	207,484	150,878	(885,527)	-	(885,527)
Other	1,149,802	182,566	940	(966,296)	-	(966,296)
	5,182,613	1,122,395	823,233	(3,236,985)	-	(3,236,985)
Support Service:						
Student	116,520	-	-	(116,520)	-	(116,520)
Instructional staff	434,063	-	-	(434,063)	-	(434,063)
Administration	959,516	-	-	(959,516)	-	(959,516)
Operating and maintenance of plant	632,943	-	-	(632,943)	-	(632,943)
Transportation	614,281	123,300	225,092	(265,889)	-	(265,889)
	2,757,323	123,300	225,092	(2,408,931)	-	(2,408,931)
Other expenditures:						
Facilities acquisition	210,373	-	-	(210,373)	-	(210,373)
Long-term debt interest	250,083	-	-	(250,083)	-	(250,083)
AEA flowthrough	187,801	-	187,801	-	-	-
	648,257	-	187,801	(460,456)	-	(460,456)
Total governmental activities	8,588,193	1,245,695	1,236,126	(6,106,372)	-	(6,106,372)
Business type activities:						
Non-instructional programs:						
Food service operations	180,816	54,935	149,454	-	23,573	23,573
Child care service operations	169,659	62,772	8,092	-	(98,795)	(98,795)
	350,475	117,707	157,546	-	(75,222)	(75,222)
Total primary government	\$ 8,938,668	1,363,402	1,393,672	(6,106,372)	(75,222)	(6,181,594)

Corning Community School District
Statement of Activities
Year ended June 30, 2020

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
			Operating Grants, Contributions and			
	Expenses	Charges for Service	Restricted Interest	Governmental Activities	Business Type Activities	Total
Totals continued from previous pages	\$ 8,938,668	1,363,402	1,393,672	(6,106,372)	(75,222)	(6,181,594)
General Revenues:						
Property tax levied for:						
General purposes				3,383,571	-	3,383,571
Debt service				431,053	-	431,053
Capital outlay				264,735	-	264,735
Statewide sales, services and use tax				460,878	-	460,878
Unrestricted state grants				1,598,535	-	1,598,535
Unrestricted investment earnings				19,534	-	19,534
Other				95,481	-	95,481
Contributions not restricted to specific programs				6,276	16,608	22,884
Gain on sale of assets				(39,254)	-	(39,254)
Total general revenues				6,220,809	16,608	6,237,417
Change in net position				114,437	(58,614)	55,823
Net position beginning of year, as restated				3,725,856	(49,394)	3,676,462
Net position end of year				\$ 3,840,293	(108,008)	3,732,285

See notes to financial statements.

Corning Community School District
Balance Sheet
Governmental Funds
June 30, 2020

	General	Debt Service	Capital Projects	Management Levy	Non-major Student Activity	Total
Assets						
Cash, cash equivalents and pooled investments	\$ 1,666,188	160,240	352,754	144,458	82,294	2,405,934
Receivables:						
Property tax:						
Delinquent	19,553	2,710	1,664	1,765	-	25,692
Succeeding year	2,585,142	636,162	286,969	590,001	-	4,098,274
Income surtax	160,797	-	-	-	-	160,797
Accounts	-	1,797	-	-	913	2,710
Due from other funds	-	-	-	-	20,000	20,000
Due from other governments	554,707	-	62,885	-	-	617,592
Total assets	\$ 4,986,387	800,909	704,272	736,224	103,207	7,330,999
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities:						
Accounts payable	\$ 530,385	-	1,015	-	24	531,424
Salaries and benefits payable	467,944	-	-	-	-	467,944
Due to other funds	-	-	20,000	-	-	20,000
Total liabilities	998,329	-	21,015	-	24	1,019,368
Deferred inflows of resources:						
Unavailable revenues:						
Succeeding year property tax	2,585,142	636,162	286,969	590,001	-	4,098,274
Income surtax	160,797	-	-	-	-	160,797
Advances from Federal grantors	72,691	-	-	-	-	72,691
Total deferred inflows of resources	2,818,630	636,162	286,969	590,001	-	4,331,762
Fund balances:						
Restricted for:						
Categorical funding	70,272	-	-	-	-	70,272
Debt service	-	164,747	150,444	-	-	315,191
Management levy purposes	-	-	-	146,223	-	146,223
Student activities	-	-	-	-	103,183	103,183
School infrastructure	-	-	207,488	-	-	207,488
Physical plant and equipment	-	-	38,356	-	-	38,356
Unassigned	1,099,156	-	-	-	-	1,099,156
Total fund balances	1,169,428	164,747	396,288	146,223	103,183	1,979,869
Total liabilities, deferred inflows of resources and fund balances	\$ 4,986,387	800,909	704,272	736,224	103,207	7,330,999

See notes to financial statements.

Corning Community School District
Reconciliation of the Balance Sheet
Governmental Funds to the Statement of Net Position
June 30, 2020

Total fund balances of governmental funds (Exhibit C) \$ 1,979,869

**Amounts reported for governmental activities in the
Statement of Net Position are different because:**

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. 9,462,450

The Internal Service Fund is used by management to track flexible spending accounts. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position 12,070

Accrued interest payable on long-term liabilities is not due and payable in the current year and, therefore, is not reported as a liability in the governmental funds. (14,572)

Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:

Deferred outflows of resources	\$	745,131	
Deferred inflows of resources		(593,724)	151,407

Long-term liabilities, including bonds payable, bond discounts, early retirement, compensated absences, other postemployment benefits and net pension liability are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Those liabilities consist of:

General obligations bonds payable	\$	(3,400,000)	
Revenue bonds payable		(860,000)	
Bond discount, net		12,101	
Bond premium, net		(52,214)	
Early retirement		(118,415)	
Other postemployment benefits		(846,025)	
Net pension liability		(2,486,378)	(7,750,931)

Net position of governmental activities (Exhibit A) \$ 3,840,293

See notes to financial statements.

Corning Community School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year ended June 30, 2020

	General	Debt Service	Capital Projects	Management Levy	Non-major Student Activity	Total
Revenues:						
Local sources:						
Local tax	\$ 3,118,900	431,053	264,735	264,671	-	4,079,359
Tuition	783,216	-	-	-	-	783,216
Other	313,934	2,581	7,260	3,445	181,713	508,933
State sources	2,669,552	9,835	466,919	4,842	-	3,151,148
Federal sources	219,228	-	-	-	-	219,228
Total revenues	7,104,830	443,469	738,914	272,958	181,713	8,741,884
Expenditures:						
Current:						
Instruction:						
Regular	2,337,311	-	-	116,411	-	2,453,722
Special	1,075,349	-	-	-	-	1,075,349
Other	910,205	-	-	-	177,416	1,087,621
	4,322,865	-	-	116,411	177,416	4,616,692
Support services:						
Student	114,517	-	-	-	-	114,517
Instructional staff	260,211	-	115,254	-	-	375,465
Administration	827,620	-	-	21,417	-	849,037
Operation and maintenance of plant	516,706	-	-	42,601	-	559,307
Transportation	462,277	-	99,439	32,894	-	594,610
	2,181,331	-	214,693	96,912	-	2,492,936
Other expenditures:						
Facilities acquisition	-	-	410,373	-	-	410,373
Long-term debt:						
Principal	-	4,845,000	-	-	-	4,845,000
Interest and fiscal charges	-	254,087	-	-	-	254,087
AEA flowthrough	187,801	-	-	-	-	187,801
	187,801	5,099,087	410,373	-	-	5,697,261
Total expenditures	6,691,997	5,099,087	625,066	213,323	177,416	12,806,889
Excess (deficiency) of revenues over (under) expenditures	412,833	(4,655,618)	113,848	59,635	4,297	(4,065,005)
Other financing sources (uses):						
Proceeds from disposal of assets	5,901	-	-	-	-	5,901
General obligation bonds issued	-	3,400,000	-	-	-	3,400,000
Premium on general obligations bonds	-	58,015	-	-	-	58,015
Discounts on general obligation bonds	-	(13,445)	-	-	-	(13,445)
Revenue bonds issued	-	-	860,000	-	-	860,000
Transfers in	-	1,151,823	1,131	-	-	1,152,954
Transfers out	-	(1,131)	(1,151,823)	-	-	(1,152,954)
Total other financing sources (uses)	5,901	4,595,262	(290,692)	-	-	4,310,471
Change in fund balances	418,734	(60,356)	(176,844)	59,635	4,297	245,466
Fund balances beginning of year	750,694	225,103	573,132	86,588	98,886	1,734,403
Fund balances end of year	\$ 1,169,428	164,747	396,288	146,223	103,183	1,979,869

See notes to financial statements.

Corning Community School District
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds to the Statements of Activities
Year ended June 30, 2020

Net change in fund balances - total governmental funds (Exhibit E) \$ 245,466

Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. These costs are not reported in the Statement of Activities, but they are allocated over the estimated useful lives of the capital assets as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:

Capital outlays	\$ 319,033	
Gain (loss) on disposal of assets	(45,155)	
Depreciation expense	(461,520)	(187,642)

The Internal Service Fund is used by management to track flexible spending accounts. The change in Net Position of the Internal Service Fund is reported with governmental activities

600

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Current year debt activity is as follows:

G.O. bonds issued	\$ (3,400,000)	
Revenue bonds issued	(860,000)	
G.O. bond premium	(58,015)	
G.O. bond discount	13,445	
Bond principal repaid	4,845,000	
Amortization of bond premium	5,801	
Amortization of bond discount	(14,275)	531,956

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the governmental funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.

12,478

The current year District IPERS contributions are reported as expenditures in the governmental funds, but are reported as deferred outflows of resources in the Statement of Net Position.

324,125

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Compensated absences	85,500	
Early retirement	86,120	
Pension expense	(383,637)	
OPEB expense	(600,529)	(812,546)

Change in net position of governmental activities (Exhibit B) \$ 114,437

See notes to financial statements.

Corning Community School District
Statement of Net Position
Proprietary Funds
June 30, 2020

	Business Type Activities Enterprise Funds	Governmental Activities Internal Service Fund
Assets		
Current assets:		
Cash and cash equivalents	\$ 21,926	12,070
Accounts receivable	16,158	-
Inventories	7,094	-
Total current assets	45,178	12,070
Noncurrent assets:		
Capital assets, net of accumulated depreciation	13,216	-
Total assets	58,394	12,070
Deferred Outflows of Resources		
Pension related deferred outflows	28,686	-
Liabilities		
Current liabilities:		
Accounts payable	1,512	-
Excess of warrants issued over bank balance	17,548	-
Salaries and benefits payable	10,451	-
Total current liabilities	29,511	-
Noncurrent liabilities:		
Net pension liability	95,718	-
Net OPEB liability	47,002	-
Total noncurrent liabilities	142,720	-
Total liabilities	172,231	-
Deferred Inflows of Resources		
Pension related deferred inflows	22,857	-
Total deferred inflows of resources	22,857	-
Net Position		
Net investment in capital assets	13,216	-
Restricted for:		
Flexible benefits	-	12,070
Unrestricted	(121,224)	-
Total net position	\$ (108,008)	12,070

See notes to financial statements.

Corning Community School District
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
Year ended June 30, 2020

	Business Type Activities	Governmental Activities
	Enterprise Funds	Internal Service Fund
Operating revenues:		
Local sources		
Charges for service	\$ 117,707	13,200
Operating expenses:		
Support services:		
Administrative services:		
Services	-	12,600
Non-instructional programs:		
Food service operations:		
Salaries	144,092	-
Benefits	116,434	-
Supplies	85,371	-
Depreciation	4,578	-
Total operating expenses	350,475	12,600
Operating gain (loss)	(232,768)	600
Non-operating revenues:		
State sources	1,902	-
Federal sources	155,644	-
Contributions	16,608	-
Total non-operating revenues	174,154	-
Change in net position	(58,614)	600
Net position beginning of year	(49,394)	11,470
Net position end of year	\$ (108,008)	12,070

See notes to financial statements.

Corning Community School District
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2020

	Business Type Activities	Governmental Activities
	Enterprise Funds	Internal Service Fund
Cash flows from operating activities:		
Cash received from sales and services	\$ 105,193	13,200
Cash payments to employees for services	(198,618)	-
Cash payments to suppliers for goods or services	(66,895)	(12,600)
Net cash used by operating activities	(160,320)	600
Cash flows from non-capital financing activities:		
State grants received	1,902	-
Federal grants received	135,872	-
Net cash provided by non-capital financing activities	137,774	-
Cash flows from capital and related financing activities:		
Contributions	16,608	-
Net decrease in cash and cash equivalents	(5,938)	600
Cash and cash equivalents at beginning of year	10,316	11,470
Cash and cash equivalents at end of year	\$ 4,378	12,070
Reconciliation of operating loss to net cash used by operating activities:		
Operating gain (loss)	\$ (232,768)	600
Adjustments to reconcile operating loss to net cash used by operating activities:		
Commodities used	19,772	-
Depreciation	4,578	-
(Increase) in inventories	(2,533)	-
(Increase) in accounts receivable	(12,514)	-
Increase in accounts payable	1,238	-
Increase in salaries and benefits payable	9,799	-
(Decrease) in compensated absences	(12,825)	-
Increase in net pension liability	23,229	-
(Increase) in deferred outflows of resources	(2,184)	-
Increase in deferred inflows of resources	6,938	-
Increase in other postemployment benefits	36,950	-
Net cash used by operating activities	\$ (160,320)	600
Reconciliation of cash and cash equivalents at year end to specific assets included on Statement of Net Position:		
Current assets:		
Cash and investments	\$ 4,378	12,070
Cash and cash equivalents at year end	\$ 4,378	12,070

Non-cash investing, capital and related financing activities:

During the year ended June 30, 2020, the District received \$19,772 of federal commodities.

See notes to financial statements.

(1) **Summary of Significant Accounting Policies**

Corning Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades pre-kindergarten through twelve. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as career and technical and recreational courses. The geographic area served includes the City of Corning, Iowa, and the predominate agricultural territory in Adams and Taylor counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Corning Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. Corning Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organization – The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Adams County Assessor's Conference Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Position presents the District's non-fiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds. Combining schedules are also included for the Capital Projects Fund accounts.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Debt Service Fund is utilized to account for property tax and other revenues to be used for the payment of interest and principal on the District's general long-term debt.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

Management Fund: The Management Fund is used to account for revenues derived from specific sources which are usually required by law or regulation to be accounted for in a separate fund.

The other governmental funds of the District are considered non-major and are as follows:

The Special Revenue Funds account for the revenue sources that are legally restricted to expenditures for specific purposes. These funds consist of the following:

Student Activity Funds: This fund accounts for transactions that occur due to student-related activities from groups and organizations such as athletic and activity events, fundraising and other extra-curricular or co-curricular activities.

The District reports the following proprietary non-major funds:

The Enterprise, School Nutrition Fund is used to account for the food service operations of the District.

The Enterprise, Early Childhood Education Fund is used to account for the childcare service operations of the District.

C. Measurement Focus and Basis of Accounting

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position

The following accounting policies are followed in preparing the financial statements:

Cash, Cash Equivalents and Pooled Investments– The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at amortized cost.

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, they have a maturity date no longer than three months.

Property Tax Receivable – Property tax in the governmental funds are accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is reported as a deferred inflow of resources in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2018 assessed property valuations; is for the tax accrual period July 1, 2019 through June 30, 2020 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2019.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets – Capital assets, which include property, furniture, and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Reported capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Land	\$ 1,000
Buildings	1,000
Improvements other than buildings	1,000
Furniture and equipment:	
School Nutrition Fund equipment	1,000
Other furniture and equipment	1,000

Capital assets are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u> <u>(In Years)</u>
Buildings	50
Improvements other than buildings	20-50
Furniture and equipment	5-15

Deferred Outflows of Resources - Deferred outflows of resources represent a consumption of net position applicable to a future year(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension and OPEB expense, the unamortized portion of the net difference between projected and actual earnings on pension plan investments and contributions from the District after the measurement date but before the end of the District's reporting period.

Salaries and Benefits Payable - Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Long-term Liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Position.

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to / deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The net pension liability attributable to the governmental activities will be paid primarily by the General Fund.

Total OPEB Liability – For purposes of measuring the total OPEB liability, deferred outflows and deferred inflows of resources related to OPEB and OPEB expense, information has been determined based on the Corning Community School District's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund, the Enterprise, School Nutrition Fund and The Enterprise, Early Childhood Education Center.

Deferred Inflows of Resources – Deferred inflows of resources represent an acquisition of net position applicable to a future year(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consists of succeeding year property tax receivable and income surtax receivable that will not be recognized until the year for which it is levied and unrecognized items not yet charged to pension and OPEB expense.

Fund Balance – In the governmental fund financial statements, fund balances are classified as follows:

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts which can be used only for specific purposes determined pursuant to constraints formally imposed by the Board of Education through resolution approved prior to year end. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same action it employed to commit those amounts.

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2020, expenditures exceeded budgeted amounts in the non-instructional programs and other expenditures functions.

(2) **Cash, Cash Equivalents and Pooled Investments**

The District's deposits in banks at June 30, 2020 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2020, the District had investments as follows:

UMB Bank:	
Goldman Sachs Financial Square Treasury Instruments Funds	\$ 1,756
Iowa Schools Joint Investment Trust (ISJIT):	
Diversified Portfolio (amortized cost)	1,053,865
	<u>\$ 1,055,621</u>

At June 30, 2020, the District had investments in the Iowa Schools Joint Investment Trust (ISJIT) Government Obligations Portfolio which are valued at an amortized cost of \$1,053,865. There were no limitations or restrictions on withdrawals of the ISJIT investments. The investments in ISJIT were rated AAAM by Standard & Poor's Financial Services.

(3) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2020 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Capital Projects, SAVE	\$ 1,112,973
Debt Service	Capital Projects, PPEL	38,850
Capital Projects, SAVE	Debt Service	1,131
Total		<u>\$ 1,152,954</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

(4) Capital Assets

Capital assets activity for the year ended June 30, 2020 was as follows:

	Balance beginning of year, as restated	Increases	Decreases	Balance end of year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 193,489	-	-	193,489
Total capital assets not being depreciated	193,489	-	-	193,489
Capital assets being depreciated:				
Buildings	11,013,187	200,000	(187,385)	11,025,802
Improvements other than buildings	1,600,818	-	(5,544)	1,595,274
Furniture and equipment	2,589,153	119,033	(328,770)	2,379,416
Total capital assets being depreciated	15,203,158	319,033	(521,699)	15,000,492
Less accumulated depreciation for:				
Buildings	3,595,674	202,785	(176,740)	3,621,719
Improvements other than buildings	734,224	64,354	(5,544)	793,034
Furniture and equipment	1,416,657	194,381	(294,260)	1,316,778
Total accumulated depreciation	5,746,555	461,520	(476,544)	5,731,531
Total capital assets being depreciated, net	9,456,603	(142,487)	(45,155)	9,268,961
Governmental activities capital assets, net	\$ 9,650,092	(142,487)	(45,155)	9,462,450
Business type activities:				
Furniture and equipment	\$ 163,631	-	-	163,631
Less accumulated depreciation	145,837	4,578	-	150,415
Business type activities capital assets, net	\$ 17,794	(4,578)	-	13,216

Depreciation expense was charged to the following functions:

Governmental activities:	
Instruction:	
Regular	\$ 203,373
Special	18,475
Other	24,909
Support services:	
Student	826
Instructional staff	28,657
Administration	29,617
Operation and maintenance of plant	42,760
Transportation	112,903
Total depreciation expense - governmental activities	\$ 461,520
Business type activities:	
Food service operations	\$ 4,578

(5) Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2020 are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 3,760,000	3,400,000	3,760,000	3,400,000	560,000
General obligation bonds discount	-	(13,445)	(1,344)	(12,101)	-
General obligation bonds premium	-	58,015	5,801	52,214	-
Revenue bonds	1,085,000	860,000	1,085,000	860,000	97,000
Revenue bonds discount	(12,931)	-	(12,931)	-	-
Early retirement	204,535	-	86,120	118,415	59,207
Compensated absences	85,500	-	85,500	-	-
Net pension liability	2,839,289	-	352,911	2,486,378	-
Net OPEB liability	224,506	621,519	-	846,025	-
Total	\$ 8,185,899	4,926,089	5,361,057	7,750,931	716,207
Business type activities:					
Compensated absences	\$ 12,825	-	12,825	-	-
Net pension liability	72,489	23,229	-	95,718	-
Net OPEB liability	10,052	36,950	-	47,002	-
	\$ 95,366	60,179	12,825	142,720	-

General Obligation Bonds Payable

Details of the District's June 30, 2020 general obligation bonded indebtedness are as follows:

Bond Issue of May 1, 2020				
Year ending June 30,	Interest Rates	Principal	Interest	Total
2021	2.000%	560,000	68,000	628,000
2022	2.000%	295,000	56,800	351,800
2023	2.000%	300,000	50,900	350,900
2024	2.000%	305,000	44,900	349,900
2025	2.000%	310,000	38,800	348,800
2026	2.000%	315,000	32,600	347,600
2027	2.000%	325,000	26,300	351,300
2028	2.000%	330,000	19,800	349,800
2029	2.000%	335,000	13,200	348,200
2030	2.000%	325,000	6,500	331,500
Total		\$ 3,400,000	357,800	3,757,800

On May 1, 2020, the District issued \$3,400,000 in General Obligation Refunding Bonds to currently refund bonds issued May 1, 2010. The bonds bear an interest rate of 2.0% per annum. No principal or interest were paid during fiscal year 2020.

Revenue Bonds

Details of the District's June 30, 2020 statewide sales, services and use tax revenue bonded indebtedness are as follows:

Bond Issue of April 30, 2020				
Year ending June 30,	Interest Rates	Principal	Interest	Total
2021	2.250%	97,000	22,629	119,629
2022	2.250%	102,000	17,168	119,168
2023	2.250%	104,000	14,872	118,872
2024	2.250%	107,000	12,533	119,533
2025	2.250%	109,000	10,125	119,125
2026	2.250%	111,000	7,672	118,672
2027	2.250%	114,000	5,175	119,175
2028	2.250%	116,000	2,610	118,610
Total		\$ 860,000	92,784	952,784

The District has pledged future statewide sales, services and use tax revenues to repay the \$860,000 of bonds issued in April, 2020. The bonds were issued for the purpose of refinancing a prior revenue bond issue. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2028. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 50% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the notes is \$952,784. For the current year, \$0 of principal and interest was paid on the bonds and total statewide sales, services and use tax revenues were \$460,878.

The resolution providing for the issuance of the statewide sales, services and use tax revenue bonds include the following provisions:

- a) \$150,444 of the proceeds from the issuance of the revenue bonds shall be deposited to a revenue account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the sinking account. The balance of the proceeds shall be deposited to the project account.
- b) All proceeds from the statewide sales, services and use tax shall be placed in a revenue account.
- c) Monies in the revenue account shall be distributed to make deposits into a sinking account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- d) Any monies remaining in the revenue account after the required transfer to the sinking accounts may be transferred to the project account to be used for any lawful purpose.

The District did comply with all revenue bond provisions during the year ended June 30, 2020. The required reserve account was established by the District.

Early Retirement

The District previously offered a voluntary early retirement plan to its certified employees. Eligible employees must have been at least age fifty-nine and employees must have completed fifteen years of continuous service to the District. Employees must complete an application which is required to be approved by the Board of Education. The early retirement incentive for each eligible employee is equal to 25% of the District's base salary calculated by using the current year regular salary schedule. Early retirement benefits paid during the year ended June 30, 2020, totaled \$86,120.

(6) Pension Plan

Plan Description – IPERS membership is mandatory for employees of the District, except for those covered by another retirement system. Employees of the District are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at P.O. Box 9117, Des Moines, Iowa, 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code Chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits – A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier based on years of service.
- The member's highest five-year average salary, except members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month that the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits – A vested member who is awarded Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions – Contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In the fiscal year 2020, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the District contributed 9.44% of covered payroll for a total rate of 15.73%.

The District's contributions to IPERS for the year ended June 30, 2020 were \$336,603.

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2020, the District reported a liability of \$2,582,096 for its proportionate share of the net pension liability.

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2019, the District's proportion was 0.044293%, which was a decrease of 0.000173% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$425,038. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,158	92,839
Changes of assumptions	276,579	-
Net difference between projected and actual earnings on IPERS' investments	122,063	413,034
Changes in proportion and differences between District contributions and the District's proportionate share of contributions	31,414	110,708
District contributions subsequent to the measurement date	336,603	-
Total	<u>\$ 773,817</u>	<u>616,581</u>

\$336,603 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June, 30	
2021	\$ 25,186
2022	(73,664)
2023	(54,059)
2024	(62,541)
2025	(14,289)
	<u>\$ (179,367)</u>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement.

Rate of Inflation (effective June 30, 2017)	2.60% per annum.
Rates of salary increase (effective June 30, 2017)	3.25% to 16.25% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2017)	7.00% compounded annually, net investment expense, including inflation.
Wage growth (effective June 30, 2017)	3.25% per annum, based on 2.60% inflation and 0.65% real wage inflation.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2019 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	22.0%	5.60%
International equity	15.0	6.08
Global smart beta equity	3.0	5.82
Core plus fixed income	27.0	1.71
Public credit	3.5	3.32
Public real assets	7.0	2.81
Cash	1.0	(0.21)
Private equity	11.0	10.13
Private real assets	7.5	4.76
Private credit	3.0	3.01
Total	100%	

Discount Rate - The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
District's proportionate share of the net pension liability	\$ 4,584,969	\$ 2,582,096	\$ 902,108

IPERS Fiduciary Net Position - Detailed information about the IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

Payables to IPERS - At June 30, 2020, the District reported payables to IPERS of \$33,463 for legally required District contributions and \$22,297 for legally required employee contributions withheld from employee wages which had not yet been remitted to IPERS.

(7) Other Post-Employment Benefits (OPEB)

Plan Description - The District administers a single-employer benefit plan which provides medical and prescription drug benefits for employees, retirees and their spouses. Group insurance benefits for employees are established under Iowa Code Chapter 509A.13. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No.75.

OPEB Benefits – Individuals who are employed by Corning Community School District and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical and prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Retired participants must be age 55 or older at retirement. At June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	5
Active employees	68
	<u>73</u>

Total OPEB Liability – the District's total OPEB liability of \$893,027 was measured as of June 30, 2020, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions – The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of Inflation (effective June 30, 2020)	2.50% per annum.
Rates of salary increase (effective June 30, 2020)	0.00% per annum including inflation
Discount rate (effective June 30, 2020)	2.45% compounded annually, including inflation
Healthcare cost trend rate (effective June 30, 2020)	6.40% initial rate decreasing annually to an ultimate rate of 4.0%

Discount Rate – The discount rate used to measure the total OPEB liability was 2.45% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the RP-2014 mortality tables fully generational using Scale MP-2017. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience studies with dates corresponding to those listed above.

Changes in the Total OPEB Liability

	Total OPEB Liability
Total OPEB liability beginning or year	<u>\$ 234,558</u>
Changes for the year:	
Service cost	22,848
Interest	8,178
Differences between expected and actual experience	604,840
Change of assumptions	97,764
Benefit payments	<u>(75,161)</u>
Net changes	658,469
Total OPEB liability end of year	<u><u>\$ 893,027</u></u>

Sensitivity of the District's Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.45%) or 1% higher (3.45%) than the current discount rate.

	1% Decrease (1.45%)	Discount Rate (2.45%)	1% Increase (3.45%)
Total OPEB liability	\$ 960,104	893,027	830,681

Sensitivity of the District's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District as what the District's total liability would be if it were calculated using healthcare cost trend rates that are 1% lower (5.40%) or 1% higher (7.40%) than the current healthcare cost trend rates.

	1% Decrease (5.40%)	Healthcare Cost Trend Rate (6.40%)	1% Increase (7.40%)
Total OPEB liability	\$ 797,683	893,027	1,006,791

OPEB Expense and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2020, the District recognized OPEB expense of \$636,539.

(8) Risk Management

Corning Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(9) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled \$187,801 for the year ended June 30, 2020 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(10) Whole Grade Sharing Agreement

Effective July 1, 2013, the District entered into a whole grade sharing agreement with Villisca Community School district. The agreement allows for both Districts to maintain separate Pre-K through 5th grade programs. Villisca Community School District will serve students of both Districts in grades 6-8. Corning Community School District will serve students of both Districts in grades 9-12. This agreement shall continue for five years unless earlier terminated by mutual agreement of both Districts. It will continue thereafter for additional one-year terms unless either District delivers written notice to terminate eighteen months in advance. The District plans to hold public meetings related to a reorganization/merger during the 2020-21 fiscal year with an eventual public vote leading towards a complete merger by the 2022-23 fiscal year.

(11) Deficit Net Position

A net position deficit of \$25,821 exists in the Enterprise, School Nutrition Fund and \$82,187 in the Enterprise, Early Childhood Education Center.

(12) Tax Abatements

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

Tax Abatements of Other Entities

The District was not impacted by any tax abatements of other entities for the year ended June 30, 2020.

The State of Iowa reimburses the District an amount equivalent to the increment of valuation on which property tax is divided times \$5.40 per \$1,000 of taxable valuation. For the year ended June 30, 2020, the District did not receive any reimbursement.

(13) Categorical Funding

In accordance with Iowa Administrative Code Section 98.1, categorical funding is financial support from the state and federal governments targeted for particular categories of students, special programs, or special purposes. This support is in addition to school district or area education agency general purpose revenue, for purposes beyond the basic educational program and most often has restrictions on its use. Any portion of categorical funding provided by the state that is not expended by the end of the fiscal year must be carried forward as a restricted fund balance.

The following is a scheduled of the categorical funding restricted in the General Fund at June 30, 2020.

Program	Amount
Home school assistance program	\$ 17,341
Teacher salary supplement	17,111
Four-year old preschool state aid	31,461
Professional development	4,359
	<u>\$ 70,272</u>

(14) Restatement

The beginning net position for governmental activities was restated due to a re-evaluation of furniture and equipment items being reported as capital assets.

	Governmental Activities
Net position June 30, 2019, as previously reported	\$ 3,720,074
Adjustment to furniture and equipment balance	5,782
Net position June 30, 2019, as restated	<u>\$ 3,725,856</u>

Required Supplementary Information

Corning Community School District
Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances
Budget and Actual - All Governmental Funds and Proprietary Funds
Required Supplementary Information
Year ended June 30, 2020

	Governmental Funds Actual	Proprietary Fund Actual	Total Actual	Budgeted Amounts		Final to Actual Variance- Positive (Negative)
				Original	Final	
Revenues:						
Local sources	\$ 5,371,508	134,315	5,505,823	5,452,419	5,452,419	53,404
State sources	3,151,148	1,902	3,153,050	3,133,114	3,133,114	19,936
Federal sources	219,228	155,644	374,872	320,000	320,000	54,872
Total revenues	8,741,884	291,861	9,033,745	8,905,533	8,905,533	128,212
Expenditures/Expenses:						
Instruction	4,616,692	-	4,616,692	5,000,000	5,000,000	383,308
Support services	2,492,936	-	2,492,936	2,785,400	2,785,400	292,464
Non-instructional programs	-	350,475	350,475	220,000	300,000	(50,475)
Other expenditures	5,697,261	-	5,697,261	1,278,911	1,500,000	(4,197,261)
Total expenditures/expenses	12,806,889	350,475	13,157,364	9,284,311	9,585,400	(3,571,964)
Excess (deficiency) of revenues over (under) expenditures/expenses	(4,065,005)	(58,614)	(4,123,619)	(378,778)	(679,867)	(3,443,752)
Other financing sources, net	4,310,471	-	4,310,471	-	-	4,310,471
Change in fund balance	245,466	(58,614)	186,852	(378,778)	(679,867)	866,719
Balances beginning of year	1,734,403	(49,394)	1,685,009	883,755	883,755	801,254
Balances end of year	\$ 1,979,869	(108,008)	1,871,861	504,977	203,888	1,667,973

See accompanying independent auditor's report.

Corning Community School District
Notes to Required Supplementary Information - Budgetary Reporting
Year Ended June 30, 2020

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's Budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment, increasing budgeted expenditures by \$301,089.

During the year ended June 30, 2020, expenditures exceeded budgeted amounts in the non-instructional programs and other expenditures functions.

Corning Community School District
Schedule of the District's Proportionate Share of the Net Pension Liability
Iowa Public Employee's Retirement System
For the Last Six Years* (In Thousands)
Required Supplementary Information

	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.044293%	0.046027%	0.045601%	0.044865%	0.046548%	0.049456%
District's proportionate share of the net pension liability	\$ 2,582	2,912	3,010	2,798	2,314	2,002
District's covered-employee payroll	\$ 3,394	3,458	3,373	3,191	3,209	3,302
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	76.08%	84.21%	89.24%	87.68%	72.11%	60.63%
IPERS' net position as a percentage of the total pension liability	85.45%	83.62%	82.21%	81.82%	85.19%	87.61%

*In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding year.

See accompanying independent auditor's report.

Corning Community School District
Schedule of District Contributions
Iowa Public Employees' Retirement System
For the Last 10 Years (In Thousands)
Required Supplementary Information

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Statutorily required contribution	\$ 337	320	309	301	285	287	295	272	257	214
Contributions in relation to the statutorily required contribution	(337)	(320)	(309)	(301)	(285)	(287)	(295)	(272)	(257)	(214)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
District's covered-employee payroll	\$ 3,566	3,394	3,458	3,373	3,191	3,209	3,302	3,133	3,197	3,092
Contributions as a percentage of covered-employee payroll	9.45%	9.43%	8.94%	8.92%	8.93%	8.94%	8.93%	8.68%	8.04%	6.92%

See accompanying independent auditor's report.

Corning Community School District
Notes to Required Supplementary Information – Pension Liability
Year ended June 30, 2020

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL (unfunded actuarial liability) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

**Corning Community School District
Schedule of Changes in the District's
Total OPEB Liability, Related Ratios and Notes
For the Last Three Years
Required Supplementary Information**

	2020	2019	2018
Service cost	\$ 22,848	22,848	22,848
Interest cost	8,178	8,986	8,359
Difference between expected and actual experiences	604,840	-	-
Changes in assumptions	97,764	-	-
Recognition of deferred inflows/outflows	-	(13,606)	(10,313)
Benefit payments	(75,161)	(4,388)	(3,511)
Net change in total OPEB liability	658,469	13,840	17,383
Total OPEB liability beginning of year	234,558	220,718	203,335
Total OPEB liability end of year	\$ 893,027	234,558	220,718
Covered-employee payroll	\$ 3,174,866	3,144,775	2,934,643
Total OPEB liability as a percentage of covered-employee payroll	28.13%	7.46%	7.52%

Notes to Schedule of Changes in the District's Total OPEB Liability and Related Ratios

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period.

Year ended June 30, 2020	2.45%
Year ended June 30, 2019	3.72%
Year ended June 30, 2018	3.72%
Year ended June 30, 2017	2.50%

See accompanying independent auditor's report.

Supplementary Information

Corning Community School District
Schedule of Changes in Special Revenue Fund, Student Activity Accounts
Year ended June 30, 2020

Account	Balance Beginning of Year	Revenues	Expenditures	Intra-fund Transfers	Balance End of Year
Other Unreserved Fund Balance	\$ 1,005	124	-	-	1,129
High School Drama	3,407	1,053	996	-	3,464
Musical/Madrigal	4,587	1,923	1,426	-	5,084
Cross Country	849	90	60	193	1,072
Tennis	842	1,542	180	-	2,204
Golf	829	-	776	305	358
Dance Team	3,919	3,117	2,216	-	4,820
Boys Basketball	582	421	684	112	431
Football	8,325	13,781	17,840	(208)	4,058
Baseball	552	979	1,853	577	255
Boys Track	833	-	-	112	945
Wrestling	970	579	823	(98)	628
Girls Basketball	1,610	652	833	305	1,734
Volleyball	1,377	1,007	1,959	1,133	1,558
Cheerleaders	1,407	4,024	3,854	(428)	1,149
Softball	862	843	593	385	1,497
Girls Track	3,665	251	704	385	3,597
Athletics-General	1,536	44,321	39,241	323	6,939
FBLA	5,137	8,973	8,235	305	6,180
Art	218	-	-	-	218
FFA	10,496	24,753	26,608	-	8,641
FCCLA	4,905	11,821	11,353	105	5,478
T-Wolf Café	2,636	973	2,008	-	1,601
ELP	293	-	-	-	293
K-12 Special Needs	38	258	96	(187)	13
Foreign Language Club	341	205	-	-	546
Concessions	-	18,828	11,438	(7,203)	187
Senior Class	-	1,812	2,070	6,385	6,127
Junior Class	-	7,131	4,548	(2,583)	-
Student Council	2,235	385	727	-	1,893
Y-Teens	6,179	1,305	656	-	6,828
Yearbook	6,134	7,125	9,728	-	3,531
Elementary Yearbook	371	420	506	-	285
Preschool Fundraiser	3,095	-	1,646	-	1,449
School Pictures	2,571	207	1,869	-	909
High School Pop Fund	844	2,758	3,197	(94)	311
K-6 Special Projects	1,062	-	1,249	187	-
PLTW - Robotics	305	-	-	-	305
K-6 Student Council	114	-	-	-	114
TSA Club	3,811	-	3,800	(11)	-
Timberwolves Jean Day	157	-	-	-	157
FCA	808	37	808	-	37
K-6 Pop	430	93	-	-	523
High School Horticulture	8,054	924	1,462	-	7,516
K-6 Box Top	-	9,225	1,866	(2,239)	5,120
3rd Grade Landscape	716	-	716	-	-
John Harris Tourney	779	9,773	8,792	2,239	3,999
Total	\$ 98,886	181,713	177,416	-	103,183

Corning Community School District
Combining Balance Sheet
Capital Projects Fund Accounts
June 30, 2020

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Assets			
Cash, cash equivalents and pooled investments	\$ 296,062	56,692	352,754
Receivables:			
Property tax:			
Delinquent	-	1,664	1,664
Succeeding year	-	286,969	286,969
Due from other governments	62,885	-	62,885
Total assets	\$ 358,947	345,325	704,272
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 1,015	-	1,015
Due to other funds	-	20,000	20,000
Total liabilities	1,015	20,000	21,015
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	286,969	286,969
Total deferred inflows of resources	-	286,969	286,969
Fund balances:			
Restricted for:			
Debt service	150,444	-	150,444
School infrastructure	207,488	-	207,488
Physical plant and equipment	-	38,356	38,356
Total fund balances	357,932	38,356	396,288
Total liabilities, deferred inflows of resources and fund balances	\$ 358,947	345,325	704,272

See accompanying independent auditor's report.

Corning Community School District
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Capital Projects Fund Accounts
Year ended June 30, 2020

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ -	264,735	264,735
Other	6,504	756	7,260
State sources	460,878	6,041	466,919
Total revenues	467,382	271,532	738,914
Expenditures:			
Support Services:			
Instructional staff	85,919	29,335	115,254
Transportation	95,555	3,884	99,439
Other expenditures			
Facilities acquisition	245,823	164,550	410,373
Total expenditures	427,297	197,769	625,066
Excess (deficiency) of revenues over (under) expenditures	40,085	73,763	113,848
Other financing sources (uses):			
Revenue bonds issued	860,000	-	860,000
Transfers in	1,131	-	1,131
Transfers out	(1,112,973)	(38,850)	(1,151,823)
Total other financing sources (uses)	(251,842)	(38,850)	(290,692)
Change in fund balances	(211,757)	34,913	(176,844)
Fund balances beginning of year	569,689	3,443	573,132
Fund balances end of year	\$ 357,932	38,356	396,288

See accompanying independent auditor's report.

Corning Community School District
Combining Statement of Net Position
Proprietary Funds
June 30, 2020

	Business Type Activities			Governmental Activities	
	Enterprise Funds			Internal Service Fund	
	School Nutrition	Early Childhood Education Center	Total	Flexible Benefits	Total
Assets					
Current assets:					
Cash and cash equivalents	\$ 21,926	-	21,926	12,070	12,070
Accounts receivable	7,174	8,984	16,158	-	-
Inventories	7,094	-	7,094	-	-
Total current assets	36,194	8,984	45,178	12,070	12,070
Non-current assets:					
Machinery and equipment	163,631	-	163,631	-	-
Accumulated depreciation	(150,415)	-	(150,415)	-	-
Total non-current assets	13,216	-	13,216	-	-
Total assets	49,410	8,984	58,394	12,070	12,070
Deferred Outflows of Resources					
Pension related deferred outflows	16,275	12,411	28,686	-	-
Liabilities					
Current liabilities:					
Accounts payable	306	1,206	1,512	-	-
Excess of warrants issued over bank balance	-	17,548	17,548	-	-
Salaries and benefits payable	424	10,027	10,451	-	-
Total current liabilities	730	28,781	29,511	-	-
Noncurrent liabilities:					
Net pension liability	54,307	41,411	95,718	-	-
Net OPEB liability	23,501	23,501	47,002	-	-
Total noncurrent liabilities	77,808	64,912	142,720	-	-
Total liabilities	78,538	93,693	172,231	-	-
Deferred Inflows of Resources					
Pension related deferred inflows	12,968	9,889	22,857	-	-
Net position					
Net investment in capital assets	13,216	-	13,216	-	-
Restricted for:					
Flexible benefits	-	-	-	12,070	12,070
Unrestricted	(39,037)	(82,187)	(121,224)	-	-
Total net position	\$ (25,821)	(82,187)	(108,008)	12,070	12,070

See accompanying independent auditor's report.

Corning Community School District
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
Year ended June 30, 2020

	Business Type Activities			Governmental Activities	
	Enterprise Funds			Internal Service Fund	
	School Nutrition	Early Childhood Education Center	Total	Flexible Benefits	Total
Operating revenue:					
Local sources:					
Other local sources:					
Food service sales	\$ 54,935	-	54,935	-	-
Child care services	-	62,772	62,772	-	-
Other services	-	-	-	13,200	13,200
Total operating revenues	54,935	62,772	117,707	13,200	13,200
Operating expenses:					
Support services:					
Administrative services:					
Services	-	-	-	12,600	12,600
	-	-	-	12,600	12,600
Non-instructional programs:					
Operations:					
Services	101,101	159,424	260,525	-	-
Supplies	75,137	10,235	85,372	-	-
Depreciation	4,578	-	4,578	-	-
	180,816	169,659	350,475	-	-
Total operating expenses	180,816	169,659	350,475	12,600	12,600
Operating income (loss)	(125,881)	(106,887)	(232,768)	600	600
Non-operating revenues:					
State sources	1,902	-	1,902	-	-
Federal sources	147,552	8,092	155,644	-	-
Contributions	-	16,608	16,608	-	-
Interest income	-	-	-	-	-
Total non-operating revenues	149,454	24,700	174,154	-	-
Change in net position	23,573	(82,187)	(58,614)	600	600
Net position beginning of year	(49,394)	-	(49,394)	11,470	11,470
Net position end of year	\$ (25,821)	(82,187)	(108,008)	12,070	12,070

See accompanying independent auditor's report.

Corning Community School District
Combining Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2020

	Business Type Activities			Governmental Activities	
	Enterprise Funds			Internal Service Fund	
	School Nutrition	Early Childhood Education Center	Total	Flexible Benefits	Total
Cash flows from operating activities:					
Cash received from sale of lunches and breakfasts	\$ 51,405	-	51,405	-	-
Cash received from childcare services	-	53,788	53,788	-	-
Cash received from miscellaneous operating activities	-	-	-	13,200	13,200
Cash payments to employees for services	(111,611)	(87,007)	(198,618)	-	-
Cash payments to suppliers for goods or services	(57,866)	(9,029)	(66,895)	(12,600)	(12,600)
Net cash provided (used) by operating activities	(118,072)	(42,248)	(160,320)	600	600
Cash flows from non-capital financing activities:					
State grants received	1,902	-	1,902	-	-
Federal grants received	127,780	8,092	135,872	-	-
Net cash provided by non-capital financing activities	129,682	8,092	137,774	-	-
Cash flows from capital and related financing activities:					
Contributions	-	16,608	16,608	-	-
	-	16,608	16,608	-	-
Net increase (decrease) in cash and cash equivalents	11,610	(17,548)	(5,938)	600	600
Cash and cash equivalents at beginning of year	10,316	-	10,316	11,470	11,470
Cash and cash equivalents at end of year	\$ 21,926	(17,548)	4,378	12,070	12,070
Reconciliation of operating income (loss) to net cash used by operating activities:					
Operating income (loss)	\$ (125,881)	(106,887)	(232,768)	600	600
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Commodities received	19,772	-	19,772	-	-
Depreciation	4,578	-	4,578	-	-
Decrease (increase) in inventories	(2,533)	-	(2,533)	-	-
Decrease (increase) in accounts receivable	(3,530)	(8,984)	(12,514)	-	-
Increase (decrease) in accounts payable	32	1,206	1,238	-	-
Increase (decrease) in salaries and benefits payable	(228)	10,027	9,799	-	-
Increase (decrease) in compensated absences	(12,825)	-	(12,825)	-	-
Increase (decrease) in net pension liability	(18,182)	41,411	23,229	-	-
Decrease (increase) in deferred outflows of resources	10,227	(12,411)	(2,184)	-	-
Increase(decrease) in deferred inflows of resources	(2,951)	9,889	6,938	-	-
Increase (decrease) in other postemployment benefits	13,449	23,501	36,950	-	-
Net cash provided (used by) operating activities	\$ (118,072)	(42,248)	(160,320)	600	600
Reconciliation of cash and cash equivalents at year end to specific assets included on Combined Balance Sheet:					
Current assets:					
Cash and investments	\$ 21,926	(17,548)	4,378	12,070	12,070
Cash and cash equivalents at year end	\$ 21,926	(17,548)	4,378	12,070	12,070

Non-cash investing, capital and financing activities:

During the year ended June 30, 2020, the District received \$19,772 of federal commodities.

See accompanying independent auditor's report.

Corning Community School District
Schedule of Revenues by Source and Expenditures by Function
All Governmental Funds
For the Last Ten Years

	Modified Accrual Basis									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenues:										
Local sources:										
Local tax	\$ 4,079,359	3,765,738	3,523,196	3,237,390	2,982,356	2,860,990	2,735,879	2,936,479	2,835,435	2,654,525
Tuition	783,216	923,200	808,283	839,837	829,653	815,640	910,222	296,395	264,176	275,993
Other	508,933	430,609	706,319	525,355	515,022	495,443	582,434	321,588	355,929	336,638
State sources	3,151,148	2,987,026	2,940,893	3,018,811	2,829,134	2,736,218	2,577,323	2,318,502	2,550,060	2,528,419
Federal sources	219,228	226,192	176,537	155,690	171,759	170,167	178,370	208,821	182,624	346,438
Total	\$ 8,741,884	8,332,765	8,155,228	7,777,083	7,327,924	7,078,458	6,984,228	6,081,785	6,188,224	6,142,013
Expenditures:										
Instruction:										
Regular	\$ 2,453,722	2,397,501	2,313,364	2,469,782	2,788,757	2,790,281	2,929,478	2,385,365	2,424,219	2,293,410
Special	1,075,349	1,015,609	939,312	942,065	872,174	775,958	985,407	765,166	787,879	739,414
Other	1,087,621	1,106,267	1,216,195	968,380	567,834	532,971	618,255	576,420	515,502	509,642
Support services:										
Student	114,517	71,806	129,019	151,465	134,731	81,936	20,633	5,780	7,158	6,649
Instructional staff	375,465	352,117	507,211	364,901	312,878	293,881	288,868	278,570	282,785	248,886
Administration	849,037	771,168	786,534	770,593	674,336	671,123	678,748	649,796	631,218	636,018
Operation and maintenance of plant	559,307	570,908	535,549	501,666	527,390	571,337	550,954	545,411	525,136	487,586
Transportation	594,610	646,447	482,366	503,705	495,572	520,578	446,204	399,571	328,564	320,957
Non-instructional programs	-	-	-	-	-	-	-	-	233	3,283
Other expenditures:										
Facilities acquisition	410,373	265,403	120,149	422,829	473,295	552,357	220,554	309,437	1,815,463	5,126,947
Long-term debt:										
Principal	4,845,000	360,000	350,000	340,000	325,000	315,000	285,000	250,000	190,000	180,000
Interest and other charges	254,087	215,669	230,331	240,431	251,713	264,081	272,869	280,494	283,981	283,708
AEA flowthrough	187,801	185,250	187,085	181,527	182,744	183,337	181,682	175,744	177,596	205,554
Total	\$ 12,806,889	7,958,145	7,797,115	7,857,344	7,606,424	7,552,840	7,478,652	6,621,754	7,969,734	11,042,054

See accompanying independent auditor's report

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CERTIFIED PUBLIC ACCOUNTANTS

**Independent Auditor's Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

To the Board of Education of Corning Community School District:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Corning Community School District, as of and for the year ended June 30, 2020, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 13, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Corning Community School District's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Corning Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Corning Community School District's internal control.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider to be material weaknesses. See the accompanying Schedule of Findings, Part I, item (A).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Corning Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance or other matters which are described in Part II of the Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2020 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Corning Community School District's Responses to Findings

Corning Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings. Corning Community School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of the testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Corning Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Van Maanen, Sietstra, Meyer & Nikkel PC

Van Maanen, Sietstra, Meyer & Nikkel, PC
Certified Public Accountants

January 13, 2021

Part I: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCY:

- A Segregation of Duties – The limited number of office personnel prevents a proper segregation of accounting functions necessary to assure adequate internal control. This is not unusual in Districts of your size, but the Board should constantly be aware of this condition and realize that concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view. Under these conditions, the most effective controls lie in the Board's knowledge of matters relating to the District's operations.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. However, the District should review its procedures to obtain the maximum internal control possible under the circumstances.

Response - We will continue to review our procedures and implement additional controls where possible.

Conclusion - Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters noted.

Part II: Other Findings Related to Required Statutory Reporting

1. Certified Budget – Expenditures for the year ended June 30, 2020, exceeded budgeted amounts in the non-instructional programs and other expenditures functions.

Recommendation – The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget

Response – Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded

Conclusion – Response accepted.

2. Questionable Expenditures - No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

3. Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

4. Business Transactions – No business transactions between the District and District officials or employees were noted.

5. Restricted Donor Activity – No transactions were noted between the District, District officials or District employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.

6. Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that coverage is adequate for current operations.

7. Board Minutes - No transactions were noted requiring Board approval which had not been approved by the Board.

8. Certified Enrollment – Variances in the basic enrollment data certified to the Department of Education were noted.

Recommendation – The certified enrollment data should be corrected.

Corning Community School District
Schedule of Findings
Year ended June 30, 2020

Response – The Iowa Department of Education and the Iowa Department of Management will be notified of the error.

Conclusion – Response accepted.

9. Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
10. Deposits and Investments – No instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the District's investment policy were noted.
11. Certified Annual Report - The Certified Annual Report was certified timely to the Iowa Department of Education.
12. Categorical Funding – No instances were noted of categorical funding used to supplant rather than supplement other funds.
13. Deficit Balance – The School Nutrition fund and The Early Childhood Education Center had deficit balances at June 30, 2020.

Recommendation: The District should continue to investigate alternatives to eliminate the deficits

Response: The District is continuing to investigate alternatives to eliminate the deficits the end of the fiscal year.

Conclusion: Response accepted.

14. Statewide Sales, Services and Use Tax – No instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2020, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$	569,689
Revenues/transfers in:			
Sales tax revenues	\$	460,878	
Other local revenues		6,504	
Revenue bond proceeds		860,000	
Transfers from other funds		1,131	1,328,513
			<u>1,898,202</u>
Expenditures/transfers out			
School infrastructure construction		245,823	
Equipment		181,474	
Transfers to other funds:			
Debt service funds		1,112,973	1,540,270
			<u>1,540,270</u>
Ending balance		\$	<u>357,932</u>

For the year ended June 30, 2020, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.